



REPLY TO
ATTENTION OF:

**DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, ALASKA
RICHARDSON RESIDENT OFFICE
P.O. BOX 898
ANCHORAGE, ALASKA 99506-0898**

August 6, 1997

Quality Assurance Branch - Construction

RRO/33

SUBJECT: Letter from METCO Incorporated, Contract
DACW85-96-C-0020, Homer Spit Repair and Extension, Homer, Alaska

Nugget Construction,
Incorporated
8726 Corbin Drive
Anchorage, Alaska 99507-3411

Attn: Mr. Randolph

Gentlemen:

Attached is a letter we received from METCO, Incorporated, dated July 31, 1997, regarding non-payment for work that they have conducted for the above project. METCO states that they have not been paid for loading rock from the rail cars to the barges in Seward.

To date, the Government has received Pay Estimates for, and paid Nugget Construction \$955,565.41 for armor, toe, and filter rock delivered to Seward and Homer.

METCO's letter claims that Spencer Quarry has not paid them because Spencer Quarry has not received payment from Nugget Construction.

We request that you address METCO's comments in writing prior to submitting your next Pay Estimate.

NUGGET 001583

RECEIVED


AUG 07 1997

Nugget Construction, Inc.
DIST: 6H, RTK

We remind you that Contract Clause I.55, Payments Under Fixed-Price Construction Contracts, Paragraph c.3 states: "This request for progress payment does not include any amounts which the prime contractor intends to withhold or retain from a subcontractor or supplier in accordance with the terms and conditions of the subcontract."

Please direct any questions to Mr. David Scott at (907) 384-7442.

Sincerely,

A handwritten signature in cursive script that reads "Walter D. Wood".

Walter D. Wood, P.E.
Administrative Contracting
Officer

NUGGET 001584



METCO, INC.
2701 Seward Highway
HCR #4 Box 300
Seward, Alaska 99684
(907) 224-3151
Fax: (907) 224-3514

July 31, 1997

Corp of Engineers
Fort Richardson Resident Office
P.O. Box 898
Anchorage, AK 99506-0898

Attn: Doug Wood

Dear Mr. Wood:

We are writing in regards to Homer Spit Project DACW85-96-C-0020. Spencer Rock Products, Inc. was contracted to supply Nugget Construction, Inc. with the rock for this project. The rock was shipped by rail to Seward, loaded on barges and shipped to Homer. Metco, Inc. was hired by Spencer Rock to help in Seward with unloading and stacking the rock from the rail and hauling rock to the barges. This work went through May and June amounting to \$31,508.56. To date we have received no payment for this work. We, also, know of other companies in Seward that have furnished supplies and services that have not been paid. Bob LaPore of Spencer Rock claims that he cannot pay these outstanding bills until he is paid from Nugget Construction. He, also, claims not to have been paid. I talked to Randy of Nugget Construction in June and he did admit to not having paid Spencer at that time.

We are, naturally, concerned about the outstanding amount due us, which was in large part labor, and are informing you as Project Manager of this project. We would appreciate any attention that you can give to this matter.

Sincerely,

METCO, INC.

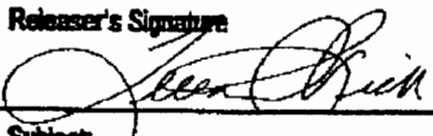

Barbara Dieckgraeff
Secretary Treasurer

BD:ja

*Attachment
to RKO/33
that was left off-
Daw Scott faxed
it on 9/24/97*

U.S. Army Corps of Engineers
Facsimile Header Sheet

Alaska District

TO (NAME) DANA LYNN	Office Symbol	Telephone No. Fax No. 522-2786	
FROM (NAME) TERESA RACK	Office Symbol CEPOA-CO-RR	Telephone No. (907) 384-7442 Fax No. (907) 384-7441	
Releaser's Signature 	# Pages 2 in this sheet	Date 24 Sep 97	TIME 0940
Subject Here is the attachment (Metco's Letter) Which was referred to in RRO/33 FOR DACW 96-C-20. IF We can be of further help, please call. 			

NUGGET 001586



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, ALASKA
RICHARDSON RESIDENT OFFICE
P.O. BOX 898
ANCHORAGE, ALASKA 99506-0898

August 21, 1997

Quality Assurance Branch - Construction

RRO/38

SUBJECT: Letter From Northern Stevedoring & Handling Corporation,
DACW85-96-C-0020, Homer Spit Repair and Extension, Homer, Alaska

Nugget Construction, Incorporated
8726 Corbin Drive
Anchorage, Alaska 99507-3411

Gentlemen:

Attached is a letter we received from Northern Stevedoring & Handling Corporation regarding work that they have conducted for the above project which they have not received payment. Northern Stevedoring claims that they have not been paid for loading five barges in Seward.

As of Pay Estimate #3, which was received on June 20, 1997, and paid on July 1, 1997, the Government has paid for 24,486 c.y. of rock in Homer. Additionally, under Pay Estimate #3, the Government has paid for transportation costs from Seward to Homer for 28,441 c.y. of rock.

Under Pay Estimate #4, which was received on August 6, 1997, you requested payment for an additional 14,844 c.y. of armor, toe, and filter stone in Homer, included the cost for transportation.

We request an immediate explanation of why Northern Stevedoring has not been paid for work that has been paid by the Government.

We remind you that under Contract Clause I.55, Payments Under Fixed-Price Construction Contracts, you are not to request for progress payments that which you intend to withhold from a subcontractor or supplier.

Please direct any questions to the Project Engineer, Mr. David Scott, at (907) 384-7442.

Sincerely,

Thomas A. Johnson, P.E.
Administrative Contracting
Officer

NUGGET 001563

RECEIVED

AUG 25 1997

Attachment

CC: Northern Stevedoring & Handling Corporation

Nugget Construction, Inc.
DIST: ALL CP STIM
BB

NORTHERN STEVEDORING & HANDLING CORPORATION

An Alaskan Corporation

P.O. Box 105063
Anchorage, Alaska 99510
(907) 272-7537

Box 497
Seward, Alaska 99664
(907) 224-5477

August 4, 1997

Army Corps of Engineers
Fort Richardson Residence Office
Box 898
Anchorage, Alaska 99506-0898

ATTN: Mr. Dave Scott
Mr. Doug Wood

REF: DACW85-96-C-0020, Homer Spit Upgrade Rip Rap

Northern Stevedoring has been working for Spencer Rock Products, Inc. From May 1 to June 26, 1997. In that time frame Northern loaded five barges of rock for the Homer Spit. Northern invoices all customers on a weekly basis. No payment has been received from Spencer Rock for loading the barges. Mr. Bob LaPore, President of Spencer Rock, has stated he would pay Northern after he receives payment from Nugget Construction.

Northern and Spencer Rock began phone conversations about loading the Homer Spit rock in August of 1996. Northern was to bill Spencer for the loading based on labor and equipment used. A rate sheet is attached for your information.

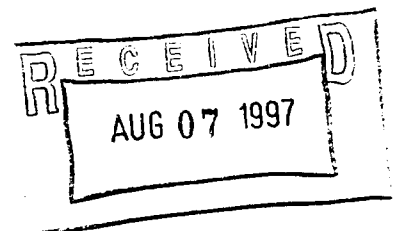
L.D. Randolph P.E., works for Nugget Construction, Inc. and is the project manager for the Homer Spit upgrade. On April 30, 1997 Randy Randolph called Northern Stevedoring and said his barge would be in Seward on May 2 to unload equipment. Randy said he wanted Northern to start loading rock on May 3, 1997. Northern expressed concern over the possible damage to the deck of the barge during the loading of the rock. Randy responded back with the attached letter, stating the barge was fitted with a temporary concrete wear deck.

Spencer delivered the rock to the Alaska Railroad Dock. Northern Stevedoring loaded the rock to the barge chartered by Nugget Construction. Randy Randolph was making all the decisions on the loading of the barges; what type of rock to load, the quantity to load, arrival and departure of the barges.

The following invoices reflect the charges for the five barges Northern loaded.

1) Invoice 105	Worked 5/1-5/97	Amount	\$21,369.46
2) Invoice 117	Worked 13 & 14	Amount	\$11,579.22
Invoice 119	Worked 14 & 15	Amount	\$20,183.02
3) Invoice 132	Worked 5/19&29	Amount	\$14,718.74
Invoice 135	Worked 5/21&22	Amount	\$17,043.50

NUGGET 001564



4)	Invoice 189	Worked 6/9&10	Amount	\$15,774.24
	Invoice 192	Worked 6/11	Amount	\$ 4,193.78
5)	Invoice 233	Worked 6/25 & 26	Amount	\$19,863.02

Total Amount Due: \$124,724.98

Northern Stevedoring did agree to direct the invoices for loading the rock to the ZB286 Nugget Construction barge, for the Army Corps of Engineers Homer Spit upgrade to Spencer Rock. The work requested has been completed in good faith and invoices have been sent. No payment has been received. The first invoice is 87 days over due. We believe this to be a direct violation of the 14 Day Prompt Payment act, which is a reflection on Nugget Construction and the Army Corps of Engineers. Your assistance in resolving this issue would be greatly appreciated. Please call if you have any questions. 907-224-5477.

Regards,



Jack Goodwill, Vice President
Northern Stevedoring & Hdlg

(12)Encl.

NUGGET 001565



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, ALASKA
RICHARDSON RESIDENT OFFICE
P.O. BOX 898
ANCHORAGE, ALASKA 99506-0898

August 26, 1997

Quality Assurance Branch - Construction

RRO/40

SUBJECT: Spencer Quarry, Contract DACW85-96-C-0020, Homer Spit
Repair & Extension, Homer, Alaska.

Nugget Construction, Incorporated
Attn: Mr. Randolph
8726 Corbin Drive
Anchorage, Alaska 99507-3411

Gentlemen:

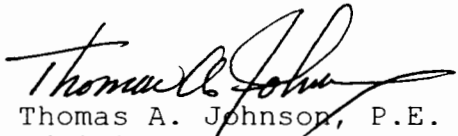
We acknowledge receipt of Serial Letter 611-19, dated August 6, 1997, and Serial Letter 611-21, dated August 11, 1997. We do not necessarily agree that Spencer Rock Products is only a "vendor" for Miller Act purposes.

Based on the supporting costs that you outlined in Serial Letter 611-21, it appears that Nugget Construction has assumed full responsibility for operations at Spencer Quarry for the subject project. Therefore, as primary operator at Spencer Quarry, we believe Nugget Construction is responsible for prompt payment to suppliers and subcontractors who contracted with Spencer Rock Products on this project.

We request that you clarify what support and project management services Nugget Construction provided to Spencer Rock Products to account for the support cost that you have shown in Serial Letter 611-21. Further, please provide information showing what work, if any, has been performed by Spencer Rock Products under its subcontract with Nugget Construction.

Please direct any questions you have in this matter to the Project Engineer, Mr. David Scott, at (907) 384-7442.

Sincerely,


Thomas A. Johnson, P.E.
Administrative Contracting
Officer

NUGGET 001561

Cc: United States Fidelity
and Guarantee Co.
Attn: Bill Wells
4220 B Street
Anchorage, AK 99503

RECEIVED

AUG 28 1997

Nugget Construction, Inc.
DIST: W1, GP, JT, RTA



REPLY TO
ATTENTION OF:

**DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, ALASKA
RICHARDSON RESIDENT OFFICE
P.O. BOX 898
ANCHORAGE, ALASKA 99506-0898**

August 26, 1997

Quality Assurance Branch - Construction

RRO/40

SUBJECT: Spencer Quarry, Contract DACW85-96-C-0020, Homer Spit
Repair & Extension, Homer, Alaska.

Nugget Construction, Incorporated
Attn: Mr. Randolph
8726 Corbin Drive
Anchorage, Alaska 99507-3411

Gentlemen:

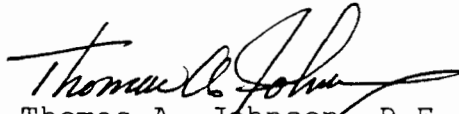
We acknowledge receipt of Serial Letter 611-19, dated August 6, 1997, and Serial Letter 611-21, dated August 11, 1997. We do not necessarily agree that Spencer Rock Products is only a "vendor" for Miller Act purposes.

Based on the supporting costs that you outlined in Serial Letter 611-21, it appears that Nugget Construction has assumed full responsibility for operations at Spencer Quarry for the subject project. Therefore, as primary operator at Spencer Quarry, we believe Nugget Construction is responsible for prompt payment to suppliers and subcontractors who contracted with Spencer Rock Products on this project.

We request that you clarify what support and project management services Nugget Construction provided to Spencer Rock Products to account for the support cost that you have shown in Serial Letter 611-21. Further, please provide information showing what work, if any, has been performed by Spencer Rock Products under its subcontract with Nugget Construction.

Please direct any questions you have in this matter to the Project Engineer, Mr. David Scott, at (907) 384-7442.

Sincerely,


Thomas A. Johnson, P.E.
Administrative Contracting
Officer

Cc: United States Fidelity
and Guarantee Co.
Attn: Bill Wells
4220 B Street
Anchorage, AK 99503

USF&G 001093



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, ALASKA
RICHARDSON RESIDENT OFFICE
P.O. BOX 898
ANCHORAGE, ALASKA 99506-0898

September 9, 1997

Quality Assurance Branch - Construction

RRO/44

SUBJECT: ~~Letter from Northern Stevedoring and Handling Corporation, Contract DACW85-96-C-0020, Homer Spit Repair and Extension, Homer, Alaska~~ *Shoreside Petroleum* *oops!*

Nugget Construction,
Incorporated
8726 Corbin Drive
Anchorage, Alaska 99507-3411

Attn: Mr. Randolph

Gentlemen:

Attached is a letter we received from Shoreside Petroleum, Incorporated, dated August 28, 1997. This letter is regarding services that they have provided for the above project for which they have not received payment.

As of Pay Estimate 3, which was received on June 20, 1997 and paid on July 1, 1997, the Government has paid for 24,879 CY of rock produced from Spencer Quarry.

Under Pay Estimate 4, which was received on August 6, 1997 and paid on August 15, 1997, the Government has paid for 90% of an additional 14,451 CY rock produced from Spencer Quarry.

We request an immediate explanation of why Shoreside Petroleum, Incorporated has not been paid for the services that they have provided to the Homer project.

Please direct any questions to Mr. David Scott at (907) 384-7442.

Sincerely,

NUGGET 001554

Thomas A. Johnson, P.E.
Administrative Contracting
Officer

Attachment

Cc: Shoreside Petroleum Inc.

RECEIVED

SEP 10 1997

Nugget Construction, Inc.
DIST: *W. L. P. J. RTO*

**SHORESIDE PETROLEUM, INC.**

CORPORATE OFFICE
P.O. BOX 1189 700 PORT AVENUE
SEWARD, ALASKA 99664-1189
PHONE (907) 224-8040 FAX (907) 224-8047

August 28, 1997

Mr. Doug Wood
US. Army Corp of Engineers
Richardson Residence office
Box 898
Anchorage, Ak. 99506-0898

Re: Homer Spit repair & extension project # DACW 85-96-0020

Dear Doug,

The following is a synopsis of our phone conversation regarding nonpayment of invoices from a subcontractor on the Homer spit extension & repair.

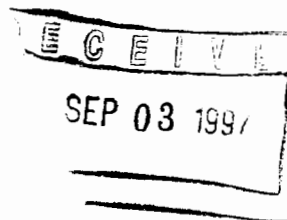
Nugget Construction is currently under contract to the Corp. of Engineers to supply rock for the Homer Spit project. One of their subcontractors, Spencer Rock, is in arrears to our company, Marathon Fuel, which is a wholly owned subsidiary of Shoreside Petroleum, Inc., for \$ 53,062.93 (statement is attached). As you can see on the statement, they are 5 months past due and to this date, we have not recieved any payment since March. It is our understanding that this is a bonded job and that the General Contractor, Nugget Construction, is responsible to ensure that all 2nd tier contractors, such as Spencer Rock, are paying their suppliers for all work performed under this contract. We would appreciate notification (or whatever is customary in this situation) to the general contractor informing them of this non payment of goods recieved.

We look forward to resolving this matter as quickly and efficiently as possible. If you need more information or have any questions, please feel free to call me anytime at 224-3171 (direct). Thank you for your assistance!

Sincerely,

Doug Lechner, VP/Marketing
Shoreside Petroleum, Inc.

enclosures



NUGGET 001555

REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, ALASKA
RICHARDSON RESIDENT OFFICE
P.O. BOX 898
ANCHORAGE, ALASKA 99506-0898

September 29, 1997

Quality Assurance Branch - Construction

RRO/48

SUBJECT: Spencer Rock Products, Incorporated - Letter of
September 5, 1997, Contract DACW85-96-C-0020, Homer Spit Repair
and Extension, Homer, Alaska

Nugget Construction,
Incorporated
Attn: Mr. Randolph
8726 Corbin Drive
Anchorage, Alaska 99507-3411

Gentlemen:

Attached is the subject letter, received by the Richardson Resident Office from Spencer Rock Products, Incorporated. The subject letter is regarding work that they have performed for the above project which they allege they have not received payment.

Spencer Rock Products' letter claims that they are owed \$1,426,707.84 for rock that they have produced and delivered for the subject project. This is inconsistent with previous correspondence from you. You have previously stated that Spencer Rock Products has been overpaid due to back-charged support costs from Nugget Constructions' work at Spencer Quarry. Please comment on this inconsistency before you submit your next Pay Estimate. Additionally, we are still awaiting your response to Serial Letter RRO/40.

Please direct any questions to Mr. David Scott at (907) 384-7442.

Sincerely,

NUGGET 001545

Thomas A. Johnson, P.E.
Administrative Contracting
Officer

Enclosure

RECEIVED

SEP 30 1997

Nugget Construction, Inc.
DIST. 611, GP, KIL, J

SPENCER ROCK PRODUCTS, INC.

PO BOX 244063, ANCHORAGE, ALASKA 99524

September 5, 1997

Army Corps of Engineers
Fort Richardson Residence Office
PO Box 898
Anchorage, Alaska 99506-0898

Ref.: DACW85-96-C-0020
Homer Spit Repair & Extension
Atten: Mr. Dave Scott / Mr. Doug Wood

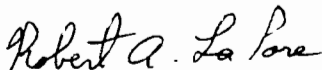
Gentlemen,

Spencer Rock Products is the rock supplier for the Homer Spit Repair and Extension Project. We have billed Nugget Construction every two weeks starting on February 1, 1997 and ending September 1, 1997. (invoice copies enclosed) All of the rock has been loaded on Nugget barges in Seward, Alaska and we are now 100% completed with the supply contract for this Project.

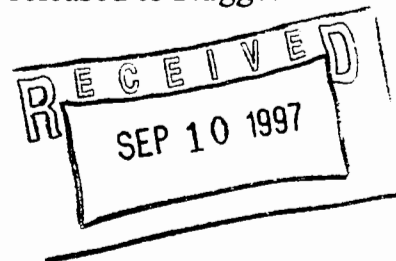
Total Billings have been \$1,623,892.50. We received one payment on May 8, 1997 in the amount of \$147,184.66 and draws for payroll totaling \$50,000.00. The balance owing at this time for the product delivered is \$1,426,707.84.

We have several creditors that need to be paid quickly. Some have already filed claims. Since the materials, now on the job site have not been paid for, we would appreciate no further draws be released to Nugget Construction until this matter is resolved.

Very truly yours,



Robert A. Lapore,
President, Spencer Rock, Inc.
(907) 563-1405 fax (907) 563-1458



NUGGET 001546

SPENCER ROCK PRODUCTS

PO Box 244063, Anchorage, AK 99524

Via Certified Mail
(return receipt requested)

September 5, 1997

Nugget Construction, Incorporated
8726 Corbin Drive
Anchorage, Alaska 99507-3411

Atten: John Terwilliger, President

Ref.: DACW85-96-C-0020, Homer Spit Repair and Extension
Homer, Alaska
U.S. Fidelity & Guaranty Co. Payment Bond # 99012050298965

Sir,

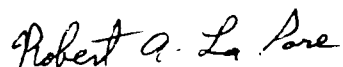
This is written notice to you of Spencer Rock, Inc.'s claim of \$1,426,707.84 unpaid sum, pursuant to 40 USC s 270b (Federal Miller Act). The attached invoice states with substantial accuracy the amount claimed which is the total of the last delivery of materials and prior unpaid invoices.

NUGGET 001547

If payment in full is not forthcoming within 15 days of the date of this notice, Spencer Rock Products, Inc. will exercise its full right to bring suit upon the unpaid sum against the responsible parties, including individuals, and the above referenced payment bond.

Your prompt attention to this matter is paramount.

Very Truly Yours,



Robert A. LaPore,
President, Spencer Rock Products, Inc.

CC: U.S. Fidelity & Guaranty Co.
4220 B Street
Anchorage, Alaska 99503

CC: Dept. of the Army, U.S. Army Engineer District, Alaska
Ft. Richardson Resident Office
PO Box 898
Anchorage, Alaska 99506-0898
Atten: Thomas A. Johnson, P.E.
Administrative Contracting Officer

CC: All Spencer Rock Suppliers for the above project

NUGGET 001548